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13 July 1954

MEMORANDUM FOR: Colonel White

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SUBJECT : Administrative Plan for Project

1. This is the first of possibly numerous operational loans to be smoked out and accommodated through an Administrative Plan. Under the provisions of this Plan the loan will be so recorded in Agency financial records that it will not be overlooked. Periodic followup will be assured until such time as the loan is repaid or a determination is made to cancel the indebtedness. The Plan also provides for the evidencing of the loan with a legally adequate document which would permit to a maximum degree the institution of legal action to collect the indebtedness in the event of bad faith or death of the individual.

2. Paragraph IV of the introductory memorandum indicates that the Chief/FI Plans initially authorized the loan of \$5,000 to the principal. I do not know that Agency policy, with respect to commercial loans to private individuals even though operationally determined to be expedient, has ever been seriously considered. Under a broad interpretation of operational activities such loans can presumably be authorized by officials having project approval authority. If you have any question concerning the authority of a project approving official to authorize loans for operational reasons, I recommend that you not approve this Plan until Agency policy has been determined. I, myself, do not question this authority but believe that the Agency needs some definite controlling criteria which would govern the making of such loans.

3. There is one deficiency in the Plan which is that no provision is made for action to be taken in the event the individual does not make repayment of the loan. In the absence of such determination, I suspect that the loan would be written off under paragraph 1.4 of the Confidential Funds Regulations, largely, if not exclusively, upon the recommendation of the Deputy Director (Plans). In this connection I expressed the view the other day that this Regulation appears to be obsolete and in conflict with concurrent regulatory philosophy. It seems appropriate that a determination such as this be made jointly by the Deputy Director (Plans) and the Deputy Director (Administration).

4. I recommend approval of this Plan, subject to the qualification mentioned in paragraph 2. I also repeat my recent recommendation that the problems raised by these operational loans be jointly studied with the Deputy Director (Plans), to clarify both policy and procedures.

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*Plan was approved by DD/A on
7/15/54. Sent to CAC/DDP.
Hag*

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